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CUBA, PANAMA, NICARAGUA AND EL SALVADOR

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NAVAL WAR COLLEGE  
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U.S. - LATIN AMERICAN RELATIONS BEYOND  
CUBA, PANAMA, NICARAGUA, AND EL SALVADOR

by

Jorge Swett  
Captain, Chilean Navy

Captain Swett is the Chilean Navy Research Fellow assigned to the Strategy and Campaign Department of the Center for Naval Warfare Studies. He is a 1966 graduate of the U.S. Naval Academy and holds a masters degree in electrical engineering and an electrical engineer's degree from the Naval Postgraduate School. He has served in various Chilean Warships including command of the *Elicura* and the *Casma*. Upon departing the Naval War College he will assume command of the Chilean DDG, *Pratt*.

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## Abstract of

### US Latin American Relations Beyond Cuba, Panama, Nicaragua and El Salvador.

An analysis of future problems in US Latin American relations is pursued by focusing in the foreign policy objectives of US diplomacy. Primarily the problems of the ten countries of South America are considered since it is felt by the author that those of Central America are well known and do not need further analysis. The coming elections in Argentina, Brazil, Chile, and Peru pose distinct threats to stability. Economic difficulties, specially foreign debt, inflation, low growth rates and poverty, is the major challenge facing most of the region. Lack of mutual understanding and cooperation has worked against positive and constructive policies. The drug problems will continue to be a major source of friction. Democracy will return to the region but will not solve any of the major problems facing most South American countries.

US LATIN AMERICAN RELATIONS BEYOND CUBA, PANAMA, NICARAGUA  
AND EL SALVADOR

INTRODUCTION.

Drugs, debt and Democracy seems to be a summary of the problems that the United States faces in Latin America. While accurate and brief, this generalization simplifies the issues that are the causes behind these problems and shroud the possible policy actions that can be taken to address them. It is an extension of the common trend that groups all the countries South of the Rio Grande as a uniform social unit with a common past and problems and conceals the vast differences that exist in the region.

In reviewing US Latin American relations, I want to emphasize the problems that are particular to the ten countries that make up South America. The reason being that it is my belief that while the United States attention is absorbed in the current problems of Central America, major problems in the rest of Latin America are being ignored. These problems, if left to fester, will lead to the same situation that the US faces in Nicaragua and El Salvador. While not trying to diminish the importance of the nations of Central America, I believe that due to its population, size and resources, countries such as Brazil, Argentina, Chile, Peru, or Colombia, are more vital to US security than

the small Central American countries that monopolize US policy toward the whole of Latin America.

While drugs, debt and democracy are problems that the US faces at the present moments in Latin America, they are just the manifestation of underlying difficulties that have not been solved in the region. A general analysis, hopefully, will put these problems and the underlying ones, in proper perspective and provide a basis for new thoughts for a better policy in the area. I have excluded from the analysis Guyana, Suriname and French Guiana due to their special relationship with Great Britain, The Netherlands and France respectively.

#### US POLICY OBJECTIVES IN SOUTH AMERICA

In order to analyze a particular subject, it is often helpful to select a procedure to guide the analysis. In searching for one I have come to the conclusion that in this particular case, US policy objectives in the area is a good framework of analysis. They will help focus the attention to the goals of the US foreign policy in the area, the specific policies, or lack of them, to accomplish these goals, and the problems that will challenge their accomplishment.

Policy objectives are difficult to find in official documents, but it is reasonable to assume that maintaining

US security, ensuring stability, adjusting to change, adhering to principles and developing friendship, as suggested by Kryzanic<sup>1</sup>, are goals that most Americans will agree are worth developing a policy for.

#### A. MAINTAINING US SECURITY.

As with most generalities, when faced with the problem of defining what is considered a security threat, more generalities are offered as answers. In the case of Latin America the answer frequently goes back to the Monroe Doctrine which establish the United States' claim to hegemony in this hemisphere. Even if the doctrine was meant to oppose any initiatives in this hemisphere by European powers in the early nineteenth century, it has prevailed to these days as it applies to Soviet intervention in Latin America, specially after the start of the cold war and the policy of containment of Communism initiated by president Truman.

A more recent and visible security threat has been the flourishing trade between South American drug producers and US consumers.

1. Soviet intervention in South America and the Communist threat.

a. Background.



Soviet intervention in Latin America became a major issue in US policy after Castro came to power in 1959 and started to influence other revolutionary groups to imitate Cuba. The United States followed with a series of policy actions, (Alliance for Progress, Inter American Military System, Military Aid Program, etc.) to contain the further spread of communism<sup>2</sup>. These policies had the effect, or at least contributed, to contain the violent overthrow of governments by communist "Liberation Movements" backed by Cuba. The capture and death in Bolivia of Che Guevara in October 1967, was perceived in the US as the turning point in Castro's effort to export his revolution through violent means<sup>3</sup>. The facts are different. Cuba has continued to train and support the various terrorist organizations thrive in the region. Che Guevara's death does mark the decline of US concern due to its skepticism of the viability of a violent communist takeover in the Hemisphere, a trend that has not been fully reverted even after the current experiences in Nicaragua and El Salvador.

In 1971 Chile elected, through a free and democratic process, a Marxist president. Such an event, first of its kind in the world and contrary to orthodox communist theory, proved that it is possible for a communist movement to take over a country using the establish democratic process, and not through the traditional violent means pursued by

followers of the Cuban revolution. Allende's failure to develop his Marxist experiment and to prevent his overthrow, has been amply analyzed. Notwithstanding the failure of his government, he proved an alternate way to power.

Che Guevara's inglorious death in Bolivia in 1967, Allende's failure in Chile in 1973, the Montoneros, ERP and Tupamaros defeat in Argentina and Uruguay in the period between 1972 and 1977, marked a low point in the leftist movements' effort to gain power though peaceful or violent means in South America. This trend was reversed by four factors. First, the intervention of Cuba in Angola elevated its stature and position vis-a-vis the Soviet Union, giving Castro, previously deterred by the Soviet Union in order maintain its diplomatic relations with the US, freedom of action in Latin America. Second, the election of Jimmy Carter in the US changed the rational and practical national security considerations with ideological and moralistic human rights policies. Third, the changes produced in the Catholic church after the Latin American Episcopal Conference in Medellin, which led some prominent orders and leaders to openly support leftist causes and organizations. And fourth the demise of detente after the invasion of Afghanistan by the Soviet Union which led to a general decline of US-Soviet relations and the elimination of whatever restraint Moscow had on Cuba or the orthodox Communist parties to take advantage of US indecisiveness or

of the vulnerability of incumbent governments denied US military, diplomatic, or economic support <sup>4</sup>. The end result of these factors was a leftist revival. Today, sixteen years after Allende's overthrow, the US is confronted with the possibility of leftist movements or coalitions taking over, through established constitutional processes, in Peru, Brazil and perhaps even Chile.

b. The leftist challenge.

Elections in Peru are scheduled for April 1990. Having experimented the disastrous populist government of president Alan Garcia, it now faces two choices. A moderate center government under writer Mario Vargas Llosa, supported by his own followers under the Freedom Movement, the Popular Action and the Popular Christian parties. Or a leftist government headed by Alfonso Barrantes Lingan, supported by the pro-soviet Communist Party and smaller ones further to the left. Opinion polls have to be viewed with caution. According to recent ones, Vargas is ahead in Lima, Barrantes in the rest of the country. Elections are more than a year away though, and many wonder if Peru can stand one more year of democracy under Garcia, with its devastated economy and deadly actions by terrorist groups.

Brazil is scheduled to hold elections to replace president Sarney in November 1989. Economic and leadership problems have plagued Sarney's government since its start.

With inflation rates running 30% monthly, the results of last November municipal elections, in which the leftist parties won control of Brazil's most important cities, is viewed by some as a reaction against an incompetent government<sup>5</sup>. But the results have turned Luis Inacio da Silva, a socialist, of the Worker's party and Leonel Brizola, a populist leftist of the Democratic Labor Party, as strong contenders for the presidential election. One of them, will likely oppose Ulysses Guimaraes of the Brazilian Democratic Movement, president's Sarney party, or the former president and former mayor of Sao Paulo Janio Quadros. The left's strong showing at the polls and the frustration of millions of Brazilians with the current state of affairs in their country, makes the possibility of a leftist government in Brazil, highly likely.

In Chile, elections to replace president Augusto Pinochet 17 year old regime, are to be held in December 1989. The 1988 October plebiscite, an honest and open referendum<sup>6</sup>, showed that 55% of the voters oppose the incumbent government. Looking inside this 55% to analyze its composition, one can find that a majority comprises the same parties that supported Allende in 1971. The traditional equivalent division between right, center and left, has not been broken by sixteen years of non partisan politics. Notwithstanding predictions of a victory of a coalition of opposition center-left parties under a "moderate" candidate,

the future in Chile does not seem bright for good US Chilean relations. Expectations are so high for democracy to solve all political, human rights, and economic problems, that its traditional mediocre results, as proved by more than 150 years of struggling with it, could turn into dissatisfaction, and put Chile back on a course that could end with the election of a new Allende in the mid-nineties. Should this happen again, the US will not have the will or the political support it had in 1973, to interfere with the outcome.

c. Probable evolution of leftist governments.

The question of whether the leftist parties in Peru, Brazil or Chile if they take over, will evolve into an orthodox communist government, should be addressed.

Orthodox communist parties in all of Latin America are characterized by their tactical alliances with non-communist groups within the existing legal framework. They penetrate and radicalize them<sup>7</sup>. The case of Peru serves as a good example of a probable scenario. The soviet backed communist party of Peru is only one of twelve in the United Left Movement coalition. Should they win, their discipline and experience will, at the end, dominate the rest of the alliance. From there, it is easy to anticipate what their strategy will be. First take control of the government, then

the institutions, unions, student organizations, sectors of the Catholic Church and the Armed Forces. Then the socialization of the economy. Finally the change in the constitution to make the process permanent. A similar threat is found in Chile with the Chilean Communist party.

In Brazil the situation is less clear since both the Workers Party and the Democratic Labor Party, are viewed as leftist but non-Marxists. But the Communist Party of Brazil does exist as well as a number of more radical followers, and its ability to infiltrate organizations has been proven, the case of sectors of the Catholic Church being a prominent example<sup>8</sup>. Should either of these parties, or more probably, a coalition of both of them with other leftist parties, win the next presidential elections in Brazil, the outcome predicted for Peru and Chile would be applicable.

The prediction just outlined could prove wrong in one or all cases. But accurate or not, the effect on US security of a leftist government on the one hand, or a fully communist government on the other, would be the same. The cases of Chile under Allende or Nicaragua under Ortega serve as examples.

d. The role of the Armed Forces.

In addressing the question of the viability of the scenario just described, a great deal depends on the tolerance of the armed force of these countries to a leftist government. While still conservative in the case of Brazil and Chile, and reformist in the case of Peru, the freedom of action they had in the 1960's has been drastically reduced. All three of them have been in and, two of them, out of the governments of their countries, and in most cases have been unable to correct the problems that caused them to take over in the first place. In addition, there is the problem of taking over broken economies, as is the case of Peru and Brazil. It would be foolish for the Peruvian Armed Forces to salvage president Garcia's reputation by ousting him, and face a catastrophic economic situation and world condemnation for toppling an "emerging democracy". In the case of Brazil, the situation is similar, even though its economic problems are not near as grave as those of Peru. If a leftist government wins at the polls in any one of these countries, and the situation does not deteriorate to violence and anarchy, the Armed Forces will probably stay in their barracks. In the face of serious public unrest however, the armed forces will step in once again. This estimate applies to Peru with its present government, since the economic and social state of the country will make it hard for president Garcia to last until 1990.

## 2. The drug trade.

Drugs is an other national security risk facing the US in South America. While hostile South American governments pose a threat to US national security, a fact which is not generally accepted, it is visible and can be engaged by a number of foreign policy instruments, from military intervention, to quiet diplomacy. The drug threat, on the other hand, is relatively new, evasive and without a clear physical or national identity. Policy options so far, have not worked as expected and new ideas have been evasive.

The drug problem has two aspects that make it very difficult to tackle. First, in Colombia, Peru and Bolivia, the major producers and exporters, drugs represents a major portion of all the exports earning combined, and the only means of survival of a large group of peasants that grow it. Second, the US and Europe represent a large market that is willing to pay for these commodities. It is classic case in basic economic theory. It is difficult to quench a market where there is somebody willing to produce, and somebody else willing to buy. The only problem left is the price, and that is a simple matter to unravel.

Exact figures on drug trade are not readily available, but it is estimated that in mid 1980s the cocaine traffickers earned between \$5 and \$6 billion dollars annually from international sales in the US. Of these,



approximately \$1,5 to \$2 billion flowed back to cocaine producing countries. In terms of repatriated dollars, cocaine exports represent 10 to 20% of Colombia's 1987 legal exports, 25 to 30% of Peru's and 50 to 100% of Bolivia's. Cocaine is the major export of Peru and Bolivia<sup>9</sup>. Judging by these figures, it is clear that the drug problem, from the producers' point of view, is no longer only a legal, social or moral issue, but also an economic and political problem.

The solution to the drug problem has to be addressed to both the supply and demand side of the market. On the supply side, an alternate crop or activity that can provide a source of income to the peasants that depend on the harvest of drug related crops. On the demand side a way to control it, through education, repressive measures, revision of banking policies in the developed countries, and perhaps even some form of legalization.

Current United States policies to prevent drug abuse were put into a law in 1986. The Anti Drug Abuse Act addresses the problem of supply and demand. Though a major effort, critics have pointed that it has failed to do what was expected of it. Drugs traffickers have been captured in spectacular operations, but an increase addicts and smuggling of drugs has been detected, a fact proven by a drastic decrease in the street price of cocaine. The reasons for the poor performance of the efforts are cited as being

inadequate resources, lack of coordination and leadership, and clashes between interests and policy priorities<sup>10</sup>.

#### B. ENSURING STABILITY.

Traditionally the United States has supported stability in Latin America, sometimes even at the expense of backing governments headed by such conflicting rulers as Somoza and Batista. The reason behind this objective has been the belief that the US economic interest in the region are best served by stable and predictable conditions. Large economic interest were at stake in the fifties and sixties, many of which have since been nationalized. In all of the countries, companies like IBM, Ford, General Motors, etc have subsidiaries that promote US products and services. US trade with all of Latin America, that is import and exports, was of the order of 78 billions in 1987<sup>11</sup>. South America has been traditionally a net importer of US products, a trend that was reversed in 1983 due to the debt crisis, which forced curtailment of imports of US goods to save dollars to pay back the loans. US banking interests in Latin America in general are enormous, a fact that has become a issue in itself.

Stability in Latin America also became an essential part of the cold war strategy to counter the Soviet Union's threat to foster wars of national liberation in the third

world. The idea behind president Kennedy's Alliance for Progress was to build nations, socially, economically and politically, through a stable and orderly process so that at the end they would embrace American ideals.

The problems of South America, that lead to permanent instability, are caused by many factors. Some can be traced back to its colonial period. But if one has to be selected, the inability of its society to provide for consistent and sufficient economic growth, would be the first choice. Most economic indices on this decade, reflect a critical situation. Low investment, rampant inflation, low or negative growth, and lower standards of living for the few and outright poverty for the many. Wiarda<sup>12</sup> has pointed out the contrasting foundations of Latin and North American Societies. In the economic aspect, north American emerging capitalism and entrepreneurships, is contrasted with a feudal, mercantile and patrimonial system. Even though this diagnose can not be applied without some reservations to fit the realities of particular countries, it is a good general explanation of the poor economic performance of the region.

The current debt crisis, has accentuated the economic problems of the countries under consideration. To some, the debt crises is the cause of most of the economic and social problems. To others, the problems inherent in most South American economies, caused the debts crisis. Whoever is

right, the political consequences of the adverse economic situation is a revival of populism and terrorism.

An other source of instability has been the traditional territorial and boundary disputes that have plagued the region since its independence from Spain.

#### 1. The debt crisis in South America.

The origins of the current debt crisis can be traced back to the 1973 oil crisis<sup>13</sup>. Non oil producing countries went into debt due to their necessity to have capital to invest in order to maintain growth. Interest rates were low, in some cases negative, due to the abundance of dollars in the banks. In addition, traditional lending institutions like the World Bank and IMF, were encouraging private loans to augment their scarce resources and as a substitute for diminishing US foreign aid. These "official" loans were generally attached to stringent conditions and severe investments analysis. Bank loans, on the other hand, had no strings attached, and therefore further encouraging borrowing. Even oil producing countries like Ecuador, Venezuela and Mexico borrowed heavily in order to expand their economies in the belief that oil prices would continue to rise.

The banks, had also good reasons to loan. Oil producing countries were depositing their huge profits in the international banking systems. This money had to be placed somewhere. US banks with offices in Europe, were collecting large amounts of deposits. This money, known as Eurodollars, was not subject to a 12% deposit in the Federal Reserve Board as required for loans made in the US, making it highly profitable. Interest rates were floating, in contrast with local lending, securing the banks a profit no matter what happened with future inflation or interest rates. There was little reason to investigate the projects thoroughly since what counted was the countries credit worthiness. And a country's credit worthiness was rated on the basis of how much credit a country had obtained and not on how much it could borrow. If the project failed, the countries government would pay. Furthermore, tradition had shown so far that countries did not go bankrupt<sup>14</sup>.

With the benefit of hindsight, many articles have been written pointing out the flaws of both lenders and borrowers that led to the current crisis. To be fair, both had good economic reasons to act the way they did. The simplest is that the banks had a surplus of cash that had to be placed somewhere to earn interest. That is the business of banks. Developing countries needed capital investment to grow. So the banks lent and the developing countries borrowed. This natural condition started to change with the rise in

interest and inflation rates that started in 1979. The problem was compounded by the decrease in price of most commodities, except for oil, exported by the South American nations. Interest rates reached 16.5% in 1981 following inflation but raw materials, the source of the money to pay back the debt, decreased in dollar value <sup>15</sup>.

What appeared sound economic reasons for both parts before 1979, became a matter of no choice after that date. Borrowers had to get loans to pay the debt, and bankers had to lend in order to pay themselves interest and close their accounts without showing a loss. Rolling over the debt, that is, paying old debt with new debt became common. Things kept going on with an apparent air of business as usual until October 1982 when Mexico was not able to get enough loans to pay interest due. Banks quickly reduced loans to others creditors in order to minimize losses, which had the effect of prompting other countries to fall behind in their payments. The debt crisis had become public.

The actions taken since 1982 to cope with the debt problem have centered on promoting export surpluses in debtor countries in order for them to have enough dollars to pay interest. To do this they have been urged to adjust their economies to serve this purpose while at the same time the bank have been forced into lending more money to finance the adjustment and pay themselves interest. The

international Monetary and has played the role of arbiter between the banks and borrower countries, assuring the banks that the debtors were making the adjustments necessary to produce a trade surplus, and thus qualifying for further loans. It is fair to say that in this role the IMF has used this opportunity to do push the debtor countries to modernize their economies and make them more efficient. But in this role, the Fund has been criticized for not being a neutral actor, siding with the collector banks and imposing severe economic conditions, to insure trade surpluses to pay interest, at the expense of growth and living standards<sup>16</sup>.

Some of the effects of the debt burden, not being the sole culprit, is surfacing daily in the press. Peru is on the verge of total economic and social collapse. Argentina and Brazil face economic problems that have made the magic of democracy wane. Riots in Venezuela have focused attention to the contradiction of a rich country caught up by its debt. Ecuador and Bolivia are not faring well either. Only Chile, Colombia and Uruguay show positive economic results<sup>17</sup>.

The policy objective of ensuring stability has been poorly served by the debt crisis. Furthermore, it has taken the process of policy making out of the US government and into the banking communities, a change that has favored the bank's share holders interests above US national

interests<sup>18</sup>. Their actions have had more impact on the debtor countries than most policies put forward by the US government in the last ten years. The Baker plan, proposed in 1985 by Mr. James Baker then secretary of the Treasury, endorsed more lending to promote growth in order to pay the debt. Today the plan can not be judged as successful. Most countries went deeper in debt and are in social turmoil. A new policy has been recently announced by Mr. Nicholas F. Brady, the incumbent secretary of the Treasury. It shifts emphasis to voluntary debt reduction by the bank. It is too early to know the specific actions that this plan comprises, but it is a welcome change that could serve to pave the way out of the crisis and in the process, take initiative away from the banks and back to the institutions that make foreign policy in the US government.

Economic prosperity does no guarantee stability, as recent events in Korea have proved. But the contrary situation, that is economic stagnation, runaway inflation and declining living standards does guarantee a political catastrophe.

## 2. The return of populism.

Populism is a nonideological system that promises easy and painless solutions to all problems. The basis of support are the masses against the older aristocratic elites. It is



an urban phenomenon, the rural poor are usually neglected. Although promising vast reforms to solve long standing problems through right, center or leftist platforms, once in power it turns into an association of mutual benefit after a bigger share of the old pie to be given away to its backers<sup>19</sup>. Demagoguery would be a better word to describe it. While not a direct threat, indirectly the populist governments are a threat to stability since it has been proven by previous experiences that they aggravate whatever circumstances that led them to be elected. Peron's second government in Argentina and Garcia's in Peru today are fitting examples of instability created by the actions of populist government.

Argentina faces a presidential election in May that will probably bring a populist into the presidency. President's Alfonsin failure to bring an end to a decade of economic ordeal, paved the way to the probable election of Raul Menen. Mr. Menem, in recent statements, has endorsed all of the issues that Argentina faces with populist solutions. Prominent among them are debt repudiation, nationalism, autarky, and a return of corporatism, an ideology previously tried by Juan Peron in the period 1946 to 1955.

Venezuela a recently elected president is viewed by many as a populist. Many of Venezuela current economic problems

can be traced back to Mr. Perez's free spending and pie sharing practices of his previous tenure as president<sup>20</sup>. His record so far in the current presidency have shown him as a more pragmatic leader. Should Venezuela current economic problems continue without at least a seeming solution, it is probable that President Perez will revert to the populist policies and practices he used for a platform to get elected.

Brazil, as already mentioned, faces an election in November. If the elections follow the trend set in last year municipal elections, the next president will probably be either Brizola, a populist, or Silva a leftist. Neither one assures stability for Brazil in the next decade.

### 3. Terrorism.

Terrorism is an other source of instability in some South American countries. Colombia and Peru face a terrorist movements that seriously threaten the role, leadership and basic institutions of government. In both of these countries, the terrorist have joined hands with the drug traffickers to produce a powerful and well financed organization. In this sense, the situation of the supply side of the drug problem is different than that faced by the US. In these drug producing countries, and specially in Colombia, the drug problem is not its effects on the overall

health of the population, as is the case in the US., but rather it represents a direct threat to the survival of the state.

In Colombia two movements fight for the leadership of terrorist activities. One is the Colombian Revolutionary Forces (FARC). The other is the April 16th Movement (M-16). Both are Marxist oriented and backed by Cuba. The activities of these terrorist groups have expanded to include protection of drug activities. According to Augusto Matallana<sup>21</sup>, FARC started to control most of the coca fields in the late seventies, imposing rules to the farmers, fixing charges and prices and protecting production of cocaine in their areas of influence. In return they obtain revenues for arms and logistic support. The M-16 seized the Palace of Justice in 1985, and 11 of the 25 Supreme Court Justices were among the 100 killed. This act is believed to have been a "contract" between terrorists and traffickers to destroy extradition documents pending in the courts<sup>22</sup>.

In Peru, Shining Path and Tupac Amaru terrorist groups have become a major influence in the activities of the country. Shining Path, a Maoist organization some 5000 strong, is radical group that adheres, in addition to a Marxist philosophy, to an Indian racial and cultural vindictiveness which makes it unique among Latin American terrorist movements. Though lacking much popular support,

its effective use of violent actions have defied government countermeasures, and succeeded in isolating large parts of Peru's rural areas from government control. Tupac Amaru is a smaller group that follows a more traditional Castroite course. As in Colombia, the financial support comes from their involvement with drugs, specially in the case of Tupac Amaru<sup>23</sup>.

In the rest of the countries under consideration, active terrorist groups exists, both of right and left orientation, but their small backing and lack of a permanent source of logistic support, make them more of a nuisance to the governments than a threat.

#### 4. Territorial and border disputes.

The list of instability producing problems would not be complete without mentioning the traditional conflicts that have plagued inter-American relations since independence days. Jack Child<sup>24</sup> has classified twenty potential conflict situations in Latin America. The ones that are a constant source of friction are the northern andean dispute between Ecuador and Peru, the Gulf of Venezuela border dispute between Venezuela and Colombia, the Essequibo border dispute between Venezuela and Guyana, the San Andres and other Islands dispute between Colombia and Nicaragua, and the Malvinas/Falkland dispute between Argentina and the UK. To

this list I would have to add as a constant source of instabilities, the permanent lack of trust between most countries with their neighbor, which tends to make cooperation and integration a difficult goal to achieve and magnifies real or apparent problems to full scale crisis. It is perhaps this inability to work together, which is the most damaging characteristic of South American nations, and serves as an explanation of their backwardness.

#### C. ADJUSTING TO CHANGE.

According to Michael Kryzanek<sup>25</sup>, one of the problems that United States faces in the third world is its inability and sometimes its unwillingness to adjust to change. As a super power with interest in all parts of the world , the US has been cautious and conservative when faced with changes in the political, social and economic order of third world countries. The reasons behind this policy are explained, according to him, by the fact that defence installations, corporate investment, access to mineral resources and valuable trade markets, have been affected by upheaval. This cautious stance was perceived by leaders and intellectuals of third world nations as a deliberate policy of power politics, greed, and desire for control.

Furthermore, the policies of the sixties and first half of the seventies stressed communist containment over

adjustment to change. Arthur Schlesinger, wrote about president Kennedy's awareness to the need to remain responsive to revolutionary demands if reform and development were to take place. But he also recounted the criteria that the president used to support a regime that stressed reform and change:

"There are three possibilities in a descending order of preference: a decent democratic regime, a continuation of the Trujillo regime (a right wing dictatorship), or a Castro regime. We ought to aim for the first, but we can't renounce the second until we are sure we can avoid the third"<sup>26</sup>.

The Vietnam war, the Carter administration policy on human rights, and the media, made public opinion aware of this conservative characteristic of US policy and pressed for adjustments to recognize the legitimate desire of the people of different countries for change. The fall of the Shah in Iran, president Marcos of the Philippines, president Duvalier of Haiti and president Somoza of Nicaragua has tended to reinforce the soundness of a policy change to foster decent democratic regimes, notwithstanding the risk of unleashing leftist forces. The logic being that democratic governments are self adjusting to change. and generally friendly to the US.

Logical and sound as it may appear, the new policy has some problems of its own. First, democracy is not an end in itself. It is a form of government. If it works well for a country like the US, it does not necessarily follow that it has to work just as well for another country. There are some basic premises for democracy to function, and those premises have not been abundant in Latin America. A policy fomenting democracy should recognize these shortcomings and be willing to accept them. Second, security and other considerations sometimes force the US government to support friendly but nondemocratic governments, or compel it to maintain a hands off attitude to sustain good relations. This conforming attitude leads to double standards which confuses both internal and external public opinion. And third, governments, democratic or otherwise, are established to look after their national self interest. In this condition, their actions will follow their own interests, which in many cases will not correspond with those of the US.

South American nations, used to the conservative and communist containments policies of the cold war, are slowly adjusting to the new direction of US policy. Large segments of the South American public have applauded the new heading, but another segment, just as large, are afraid of the possible consequences.

#### D. ADHERING TO PRINCIPLES

The US has traditionally viewed itself as a nation that has attempted to rise above power politics to form a governing system committed to such principles as personal liberty, equality of opportunity and the rule of law. In recent years, this view has transcended national boundaries by the introduction of idealism and moralism in the formulation of foreign policy. The countries of South America have been one of the first ones affected by this new emphasis.

The place of idealism and moralism in US policy has been amply debated in numerous articles, specially during and after the Carter administration. To its backers, issues such as human rights is what makes the US such a unique country and what distinguishes this country from dictatorships, whether authoritarian or totalitarian<sup>27</sup>. To others, the moral approach to policy formulations is an attempt to transpose the Anglo-Saxon concept of individual law into international field and to make it applicable to governments as is applicable here at home to individuals. And while worthy and lofty, they argue, it makes war and violence more enduring, more terrible, and more destructive to political stability than did the older motives of national interest<sup>28</sup>.



It is my belief that introduction of moralistic and idealistic policies in the relations of the US and the Latin American countries has not proved beneficial for the worthy causes it pursue. The human rights issues, as practiced by the Carter administration was a general demand that societies provide all the freedoms associated with constitutional democracies and all the economic security promised by socialism<sup>29</sup>. Democracy, as applied in some South American countries, has not proven to be better than other forms of governments in improving the life of its subjects. Lack of democracy is not the real issue in many countries, but rather lack of economic development.

In countries where democracy is less than perfect and economic development is scarce, and specially in those with military governments, criticism of human right performance was prone to flare up, as it did in the seventies. The one sided judgement on these issues by the US government was resisted by those governments affected and relations were strained. Imposition of sanctions to countries that did not meet the moral standards of US policy, further alienated relations, with the added effect of cutting off, one by one, the instruments of political pressure that the US had available for many years.

Lest I be judged in favor of oppressive and corrupt governments, I should state that I am not. Most people in

Latin America are as rational as those in the US. As such, they understand and covet many of the same values and practices that are cherished in this country. Whether it is because of heritage, tradition, religion or other reasons, they have not been as successful as this country in attaining these goals. The questionable performance of some governments or individuals is not a justification to distrust the efforts of the rest. In order to judge on such issues as ideals and moral standards, a profound knowledge of the history and circumstances of individual countries is needed, knowledge that has been mutually lacking. To judge without this knowledge, is against the very nature of morality and idealism, debilitate the arguments of a good cause, and is prone to errors.

The introduction of idealism toward Latin American relations has weakened the US position in the continent. Positive long term instruments of policy such as economic cooperation, military alliances, education and transfer of technology, trade and investment, have been curtailed by sanctions. Urgent ones such as drug interdiction, curtailment of illegal immigration, and debt payment, have replaced them. As a result, a desire of self-assertiveness and independence from US policies has emerged and is dominant in most countries.

E. DEVELOPING FRIENDSHIP.

Policies to foster friendship alone are difficult to materialize. Friendship develops when a collection of acts, circumstances and opportunities occur. Therefore all the policies toward South America can become a vehicle to foster friendship if some considerations permeate their specific contents. Among them, the ability to appreciate differences, to accept criticism, to make few demands, and to mind one's own business.

Two factors undermine the US efforts to foster friendship. Used to authoritarian and centralized governments, civilian or military, most people in South America do not understand the complex process of US foreign policy making. The permanent dispute between Congress and the President, the role of lobbyists, church groups, think tanks, labor unions, and even independent organizations or individuals, confuse the issues of what the policies are and who is in charge of them. As a result, acts viewed as hostile by some governments, such as financial aid to some labor union by the AFL-CIO<sup>30</sup>, or to some party by the National Endowment for Democracy<sup>31</sup>, are misinterpreted as official policies of the US government.

The second factor is the sheer size of the US as a world leader. The effect of this fact is not appreciated by most Americans, therefore they do not to comprehend that

even small decision made in the US, usually have large repercussions in smaller countries, specially in matters concerning trade and economic issues. One good example is the problem of interest rates. A one percent raise in the interest rates by the Federal Reserve Board, increases the cost, to Latin America, of serving the debt by \$3.5 billion dollars annually. A more recent one was the fruit crisis that threatened to put half a million chileans out of work<sup>32</sup>. While no one can argue against the right that the US government or its institutions have to make the decisions that are in its best interest, sometimes the aftermath does not contribute to the foreign policy objective of promoting friendship.

#### CONCLUSIONS

The events that are developing in South America will force a definition of US policy toward the area to be in accord to new realities; the diminishing role of the US as the dominant power in the world, a fact that has reflected in a reduction in influence in South America, among other regions of the world, and the lessening of tensions between the superpowers. A proper equilibrium of what the US can do and what it wants to do in the area, should ideally be reached.

In matters of national security and stability, the coming elections in Argentina, Brazil, Chile and Peru have the potential to either establish unfriendly leftist governments in power or cause further instability by following a populist ideology. In Peru, Brazil and Chile both outcomes are possible simultaneously. What should the US do?. There are not many alternatives to revert the possible outcome, therefore the best policy is to stay neutral and let the forces within each country struggle alone for power. Interference has never worked in favor of the long term interests of US policy.

The drug and debt problem, are two immediate challenges that have extensive negative effects in the population of the hemisphere, and therefore in regional relations. The urgency of solutions for both precludes them from staying as problems on the long term and become obstacles to good relations. The drug threat should be solved by curtailing the demand in th US, and economic development of the regions that produce it. The internal policies that this course of action comprises have been addressed by congress. The external policies need to be established. The debt problems will be solved, as have previous ones, with losses shared between banks and debtors. No one sided solution appears viable. A more equidistant position between banks and debtors by the US governments would help to bring both parts to realistic bargaining positions.

In general, the underlying cause of most of the problems that the US faces in South America will continue to be the lack of economic development rather than lack of ideology. Freedom in democracy when there is little to choose, or security in socialism when there is only poverty to share, will not solve any of difficulties the region faces. Therefore in addition to democracy, the establishment of sound economic policies, preferably free market oriented, should be stressed just as strongly.

Moralism should be replaced by pragmatism. Culture, social development and other causes have, so far, prevented the establishment of common internationally accepted moral standards. Until one is found, a venture unlikely to happen in the near future, policies based on moral judgment of other nations, will be unenforceable and futile.

It is perhaps in the policy of developing friendship where US policy should have its major assets. The basic virtues of American values and traditions are well known, admired and imitated worldwide. Millions would gladly immigrate to this country. Private enterprise inundate television, cinema, and foreign media with the American way of living. Then, why so much animosity and rebuff for some of US policy actions?. Envy on its wealth and prosperity is part of the answer. Lack of ubiquity, that is the absence of

an analysis of placing the US in the position of the country affected by a policy decision, also serves as an explanation. A natural tendency to try to judge what is in the best interest of other countries leading to a tradition of interference in their internal affairs, can also be cited. But whatever the reason, it is clear that to foster friendship, US policy in general should be more tolerant, should accept the shortcomings of others, should be unassuming, and should be aware of its own limitations. The basic rectitude of American society and institutions, should transcend the national borders without self-consciousness or self-admiration. If US foreign policy toward South America would include some of these observations, it would help to bring back the traditional feeling of understanding and trust, of being all Americans, that has prevailed in the hemisphere in much of the period since independence.

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